

Message Text

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ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 SNM-02 SS-15 IGA-02 DEAE-00

JUSE-00 SY-10 TRSE-00 AGR-20 DRC-01 CIAE-00 INR-10

NSAE-00 RSC-01 NSC-10 IO-15 /156 W

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P 111144Z OCT 73

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC PRIORITY 1531

C O N F I D E N T I A L SECTION 1 OF 2 ISLAMABAD 8846

PASS AMBASSADOR HANDLEY S/NM AND MACDONALD AA/ASIA

E.O. 11652: GDS

TAGS: SNAR, PK

SUBJ: NARCOTICS

REF: ISLAMABAD 8719

SUMMARY: PRE-NEGOTIATION MEETINGS WITH PRIME MINISTER AND SECRETARY PLANNING INDICATE GOP PREPARED FOR SERIOUS DISCUSSIONS ON PHASING OIK POPPY PRODUCTION. WITH POPPY PLANTING SEASON APPROACHING IN NEXT TWO WEEKS URGENT ACTION WILL BE REQUIRED BY BOTH SIDES TO AFFECT THIS YEAR'S PRODUCTION. ACTION REQUESTED: GUIDANCE PER PARA 6 TO BE RECEIVED ISLAMABAD PRIOR TO NEXT MEETING OCTOBER FIFTEEN. END SUMMARY.

1. IN HIS MEETING WITH PRIME MINISTER OCT 9, CHARGE NOTED THE POSITIVE EXCHANGE IN WASHINGTON BETWEEN PRIME MINISTER AND PRESIDENT NIXON ON QUESTION OF NARCOTICS PRODUCTION AND ENFORCEMENT AND SUGGESTED THAT NEGOTIATIONS ON A SPECIFIC TIMETABLE RELATED TO POSSIBLE HELP FROM U.S. ON ASSOCIATED RURAL UPLIFT PROGRAM BEGIN BETWEEN AID DIRECTOR AND APPROPRIATE GOP OFFICIAL AS SOON AS POSSIBLE. SECRETARY-GENERAL KAZI WHO WAS ALSO PRESENT SUGGESTED THESE DISCUSSIONS BE HELD WITH SECRETARY PLANNING JAFAREY, AND BHUTTO AGREED. AID DIRECTOR SAW JAFAREY OCTOBER 11.

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2. DIRECTOR SUGGESTED THAT WITH POPPY PLANTING SEASON BEGINNING

LATE THIS MONTH, IT IS URGENT FOR THE GOP TO TAKE A CONCRETE STEP IF IT INTENDS TO IMPLEMENT FIRST PHASE OF A POPPY REDUCTION PROGRAM,- HE NOTED THAT DISCUSSIONS TO DATE HAD DIVIDED PRODUCTION QUESTION INTO THREE PHASES: PHASE 1 - SETTLED AREAS; PHASE 2 -HMERGED AREAS, AND PHASE 3 - TRIBAL AREAS. IN RECENT DISCUSSIONS WITH ORAKZAI HAVE UNDERSTOOD THAT HE JUDGES IT NECESSARY TO DIVIDE PHASE 1 INTO: PHASE 1(A) FOR 1973/4 SEASON ELIMINATION SETTLED AREAS ILLICIT PRODUCTION AND REDUCTION IN LICIT PRODUCTION TO 1971/72 LEVELS AND PHASE 1(B) ELIMINATION OF REMAINING SETTLED AREAS LICIT PRODUCTION OVER FOLLOWING TWO SEASONS. THE US TEAM LAST WINTER HAD RECOMMENDED THAT ALL PRODUCTION IN SETTLED AREAS BE ELIMINATED IN THE COMING GROWING SEASON. DIRECTOR SAID HE UNDERSTOOD GOP CONSIDERING MAJOR RURAL UPLIFT PROGRAM RELATED TO PRODUCTION ELIMINATION IN EACH PHASE. THUS IT MIGHT BE POSSIBLE TO STRUCTURE A NEGOTIATION WITH THE GOP LOOKING TOWARD A PROJECT AGREEMENT IN WHICH GOP WOULD STATE ITS INTENTION TO ELIMINATE PRODUCTION ON ACCELERATED BASIS (AS COMPARED WITH SINGLE CONVENTION UNDERTAKING) IN THE THREE PHASES. US ASSISTANCE TO AN ASSOCIATED RURAL UPLIFT PROGRAM COULD THEN BE AGREED TO FOR THE INITIAL PHASE TO BE UNDERTAKEN BEGINNING BEFORE NOV 1, 1973.

3. AID DIRECTOR WENT ON TO DISCUSS ALTERNATIVES TO THE WAY US MIGHT ASSOCIATE ITS FUNDS. HE SAID THAT GOP MIGHT WISH US TO BECOME DIRECTLY INVOLVED IN THE IMPLEMENTATION OF A RURAL UPLIFT PROGRAM. ALTERNATIVELY GOP MIGHT PREFER, IN VIEW OF POLITICAL SENSITIVITIES IN AREAS INVOLVED, THAT RURAL UPLIFT PROGRAM BE ADMINISTERED ENTIRELY BY NWFP. ON THE BASIS OF DISCUSSIONS TO DATE WE SURMISE THAT GOP WOULD PREFER THE LATTER ALTERNATIVE (WHICH IS CONSISTENT WITH APPROACH DISCUSSED WITH LANGMAID DURING HIS RECENT VISIT HERE.)

4. SECRETARY JAFAREY INDICATED THAT RECENT DISCUSSIONS IN GOP HAD CENTERED PRIMARILY ON QUESTION OF RUPEE FUNDING FOR ENFORCEMENT PROJECT. MINISTRY OF FINANCE HAD TAKEN THE VIEW THAT ORAKZAI REQUEST FOR RUPEE FUNDING RELATED TO ENFORCEMENT PROGRAM IN WHICH US WOULD PROVIDE IMPORTED EQUIPMENT WAS SIMPLY TOO HIGH. IN THIS CONNECTION JAFAREY WONDERED WHETHER US MIGHT BE WILLING TO ASSOCIATE DOLLARS WITH AT LEAST A PORTION OF THOSE LOCAL CURRENCY REQUESTS. AID DIRECTOR RESPONDED THAT IN HIS OPINION IT WOULD

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BE UNFORTUNATE FOR THE ENFORCEMENT PROGRAM TO SEEM TO BE ALMOST ENTIRELY FINANCED WITH US FUNDS. IT WOULD BE A MUCH BETTER APPROACH IF GOP COULD HANDLE ALL OF THE RUPEE FUNDING ON THE ENFORCEMENT SIDE AND LEAVE THE QUESTION OF ADDITIONAL US CONTRIBUTIONS TO HELPING ON RURAL UPLIFT ASSOCIATED WITH ELIMINATION OF PRODUCTION. JAFAREY SAID THAT HE UNDERSTOOD THIS POINT BUT WONDERED WHETHER FUNDS PROVIDED FOR RURAL UPLIFT PROGRAM MIGHT BE UTILIZED BY GOP FOR ENFORCEMENT. AID DIRECTOR SUGGESTED THAT IF

GOP AND US AGREED THAT OUR PAYMENTS WOULD BE RELATED TO IMPLEMENTATION OF PRODUCTION ELIMINATION, THEN WE WOULD ONLY AUDIT WHETHER OR NOT GOP HAD ACHIEVED THE PRODUCTION ELIMINATION AND WOULD NOT BE CONCERNED WITH INTERNAL ALLOCATION PROCESS OF GOP. UNDER THIS PROCEDURE, FROM US POINT OF VIEW, OUR GRANT COULD BE ASSOCIATED WITH ELIMINATION OF PRODUCTION WHILE FROM GOP POINT OF VIEW IT COULD BE UTILIZED AS GOP WISHED BETWEEN RURAL UPLIFT AND ENFORCEMENT.

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P 111144Z OCT 73

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC PRIORITY 1532

C O N F I D E N T I A L SECTION 2 OF 2 ISLAMABAD 8846

PASS AMBASSADOR HANDLEY S/NM AND MACDONALD AA/ASIA

5. JAFAREY INDICATED THAT NARCOTICS PROGRAM ENJOYED HIGH PRIORITY WITH PM AND THEREFORE SAME HIGH PRIORITY WITH BUREAUCRACY. HE AGREED WITH AID DIRECTOR THAT TIME IS SHORT TO ANNOUNCE A FIRST PHASE POPPY ELIMINATION PROGRAM. WITH THIS IN MIND, HE SUGGESTED WE MEET AGAIN ON OCTOBER 15, BY WHICH TIME WE WILL EACH HAVE BEEN ABLE TO OBTAIN AT LEAST PRELIMINARY GUIDANCE FOR THE DISCUSSION FROM OUR RESPECTIVE GOVERNMENTS.

6. WE SUGGEST FOR WASHINGTON CONSIDERATION AND COMMENT, HOPEFULLY BY COB OCTOBER 12, FOLLOWING GUIDELINES FOR NEXT MEETING: (A) WHILE THE U.S. WOULD PREFER GOP UNDERTAKING TO ELIMINATE ALL PRODUCTION IN SETTLED AREAS DURING PLANTING SEASON BEGINNING LATE OCTOBER, WE SHOULD BE WILLING TO ASSOCIATE OURSELVES WITH AN INITIAL PROGRAM IN WHICH GOP WOULD ENFORCE THE ELIMINATION OF ALL ILLICIT PRODUCTION IN SETTLED AREAS AND REDUCE TO AT LEAST HALF LAST YEAR'S LEVEL LICENSED PRODUCTION IN THIS AREA.

(B) THAT IN GIVING SUPPORT TO GOP EFFORT, WE SHOULD BE WILLING TO SIGN PROJECT AGREEMENT FOR GRANT TO GOP OF DOLLARS TO BE UTILIZED AS GOP SEES FIT WITH OUR AUDIT LIMITED TO PERFORMANCE ON UNDERTAKING TO ELIMINATE PRODUCTION. (C) THAT U.S. GRANT BE PROVIDED IN A WAY WHICH WOULD ASSOCIATE THE FUNDS WITH GENERAL COMMODITY IMPORTS FROM THE U.S. INTO PAKISTAN. (D) THAT THE U.S. BE WILLING TO OFFER GOP \$2 MILLION RELATED TO PHASE 1.A REDUCTION OR \$4 MILLION IF GOP WILLING TO UNDERTAKE BOTH PHASE 1.A AND
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PHASE 1.B. IN 1973/4. WE RECOGNIZE THAT THESE AMOUNTS ARE CONSIDERABLY LESS THAN PROBABLE GOP EXPECTATIONS IN LIGHT OF TURKEY GRANT OF \$35 MILLION INCLUDING \$20 MILLION RELATED TO ASSISTING FARMERS.HHOWEVER, WE THINK THESE ARE REASONABLE SUMS TO PUT FORWARD IN INITIAL DUSCUSSION IN ORDER TO ELICIT FROM GOP INITIAL CONCRETE REACTION. WHILE IT IS TOO EARLY TO QUANTIFY THE POSSIBLE LEVELS OF CONTRIBUTION FOR PHASE 2 AND PHASE 3, WE ASSUME THAT THE AMOUNT WE FINALLY AGREE UPON FOR PHASE 1 WILL BE USED AS A PRECEDENT FOR LATER YEAR GRANTS.

7. ADVISE WHETHER APPROACH SUGGESTED PARA 6 AGREEABLE AND ANY OTHER GUIDANCE WE SHOULD HAVE BEFORE OUR MEETING SCHEDULED FOR ELEVEN A.M. OCTOBER FIFTEEN. ALSO REQUEST APPROVAL OF ENFORCEMENT PROJECT AGREEMENT WORDING SO THAT WE CAN PROCEED WITH FORMAL NEGOTIATIONS WHICH IN VIEW OF JAFAREY'S COMMENTS ABOVE WILL BE RELATED TO PRODUCTION ELIMINATION NEGOTIATION BY GOP.
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